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June 12, 2001

CERTIFIED RETURN RECEIPT 7000 0520 0021 7582 9293

O. Jay Gatten, Consultant Basin Perlite Company 472 North Main Kaysville, Utah 84037

Re: Fourth Review of Notice of Intention to Commence Large Mining Operations, Basin Perlite Mining Company, Pearl Queen Perlite Mine, M/001/027, Beaver County, Utah

Dear Mr. Gatten:

The Division has completed a review of your Notice of Intention to Commence Large Mining Operations for the Pearl Queen Perlite mine, located in Beaver County, Utah, which was received April 17, 2001, and sections which were subsequently received on May 1, 2001. After reviewing the information, the Division has the following comments which will need to be addressed before final approval may be granted. The comments are listed below under the applicable Minerals Rule heading. Please format your response in a similar fashion. Please provide a response within 30 days from your receipt of this review.

The Division will suspend further review of the Pearl Queen Perlite Mine NOI until your response to this letter is received. If you have any questions in this regard please contact me, Doug Jensen, Lynn Kunzler, or Tom Munson, of the Minerals Staff. If you wish to arrange a meeting to sit down and discuss this review, please contact us at your earliest convenience. Thank you for your cooperation in completing this permitting action.

Sincerely,

D. Wayne Hedberg Permit Supervisor

Minerals Regulatory Program

jb Attachment: Review cc: Will Wilson, Basin Perlite, Denver m01-27-4-rvw.doc

REVIEW OF NOTICE OF INTENTION TO COMMENCE LARGE MINING OPERATIONS

Basin Perlite Company Pearl Queen Mine

M/001/027 June 12, 2001

R647-4-105 - Maps, Drawings & Photographs

105.3 Drawings or Cross Sections (slopes, roads, pads, etc.)

The review comments state that pits and associated disturbances will "conform to adjacent topography to the extent practicable". The cross-sections of the pit areas, showing the surface after final reclamation, indicate that the pit areas will be back-filled uniformly without regard to adjacent topography. Please explain. (DJ)

Where will the residual plant waste be stored prior to final reclamation? (DJ)

A letter from the BLM (Cedar City FO) dated December 29, 2000, recommends that the berm of soil and surface vegetation from the Schoo Pit that had been bulldozed to the southern edge of the disturbed area, be retained for final reclamation. Please revise the plan for the Schoo Pit to reflect where the material will be stored during mining and how it will be utilized during final reclamation. (DJ)

R647-4-106 - Operation Plan

106.5 Existing soil types, location, amount

The applicant did not provide a volume estimate or analysis of the soil materials that were scraped off the Pit 3 area. Please provide an estimate of the amount of soil materials that are in the berm. Please provide an analysis of this material as previously requested, including: Texture, pH, EC (conductivity), SAR, % Organic Matter, CEC (cation exchange capacity), Total Nitrogen, Nitrate Nitrogen, Phosphorus (as P_2O_5), and Potassium (as K_2). Please note, a sample of the soil material will need to be submitted to a soils lab for this analysis. (LK)

Also, see comment under R647-4-105.3. (DJ)

R647-4-110 - Reclamation Plan

110.5 Revegetation planting program

After reviewing the soils data submitted, it recommended that areas to be reclaimed be amended with 5 tons/acre of composted manure. (LK)

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R647-4-111 - Reclamation Practices

111.3 Erosion & sediment control

The construction of a foundation and drainage beds for the waste dump at the Pearl Queen pit indicates expansion of this feature. The site map of the pit indicates that the dump will only reach to the bottom of the drainage. Will the dump toe extend beyond this point? (DJ)

111.6 All slopes regraded to stable configuration

What is the plan for final reclamation of the waste dump at the Pearl Queen pit? In order to leave the dump in a stable configuration, the slope will need to be reduced. What will the final slope angle of the dump be? The Division recommends that the regraded slope not exceed a 2.5h:1v angle. When the slope is reduced, will the additional area covered by this activity expand the permitted area? (DJ)

111.8 All roads & pads reclaimed

If the road to the Schoo Pit is upgraded to permit truck traffic, any portions which are widened or changed in any way will have to be reclaimed back to the present configurations. (DJ)

R647-4-112 - Variance

See comment R647-4-105.3 regarding the variance concerning the availability of soil at the Schoo Pit. If there is not enough soil to reclaim the area, please request a variance and provide justification. (DJ)

R647-4-113 - Surety

The Division uses the Cat Handbook and Means to calculate surety costs. Use of these resources by Basin Perlite to calculate the surety for this area would be appreciated. (DJ)

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